

Contract Management Policy



INFORMATION ABOUT THIS DOCUMENT

Document Record Number	
Document Owner	Chief Financial Officer
Document Development Officer	Procurement and Contracts Co-Ordinator
Review Timeframe	Within 12 months of election of new Council
Last Review Date	26 April 2023
Next Review Date	1 March 2025

Document History		
Doc No.	Date Amended	Details/Comments
D23/28838	26 April 2023	Contract Management Policy 2023
D24/3182	January 2024	Inclusion of compliance under the Modern Slavery Act 2018 and Child Safety Standard [Res 2024/14]

Further Document Information and Relationships	
Related Legislation*	<i>Local Government Act 1993</i> <i>Local Government (General) Regulation 2021</i> <i>Local Government Code of Accounting Practice and Financial Reporting (Guidelines), Update no. 23 – March 2015</i> <i>Government Information (Public Access) Act 2009</i> <i>Modern Slavery Act 2018</i> <i>Children’s Guardian Act 2019</i>
Related Policies	Code of Conduct Procurement Policy Gifts & Benefits Policy
Related Documents	Child Safety Standards Procurement Procedure Contract Management Procedure

**Note: Any reference to Legislation will be updated in the Policy as required. See website <http://www.legislation.nsw.gov.au/> for current Acts, Regulations and Environmental Planning Instruments.*

Contents

1. Purpose	4
2. Commencement	4
3. Scope	4
4. Definitions and Interpretation	5
5. Policy Statement	6
5.1 Stages in the Contract Management Life Cycle	6
5.2 Mandatory Requirements for Applying to Contracts	6
5.3 Contract Variations	7
5.4 Ethics and Probity	7
5.5 Role of Contract Manager	7
5.6 Contract Disclosures	7
5.7 Modern Slavery Compliance	8
5.8 Child Safety Compliance	9
6. Responsibilities	9
7. Version Control and Change History	Error! Bookmark not defined.

1. Purpose

The purpose of this Contract Management Policy is to provide a clear and standardised approach to managing and administering contracts for goods and services purchased from suppliers.

The effective management of Contracts with suppliers is essential to the Council in maximising the benefits and achieving its corporate objectives. These benefits can be summarised as follows:

- Business Benefits:
 - Maximises outcomes to the Council and our customers (i.e. the Council “gets what it is paying for”) by managing supplier performance, maintaining quality, improving productivity and identifying opportunities for improvement and innovation
- Value for Money:
 - Enables savings and benefits opportunities identified during the procurement or contract management process to be realised, whilst also ensuring the achievement of expected procurement outcomes.
 - Enables further benefits through ongoing performance reviews, service improvements, supply chain improvements, innovation, etc.
- Risk Management:
 - Reduces contractual risks through the robust contract management practices.
 - Ensures the Council is also aware of, and complies with, its own contractual and legislated obligations.

2. Commencement

This Policy is effective from the date of resolution by Council and shall remain in force until repealed by resolution of Council.

3. Scope

This Policy commences in the Post-Contract-Award stage of the Procurement Lifecycle.

The Pre-Contract Award stage is covered by Council’s Procurement Policy.

This Contract Management Policy applies to all Council staff and contractors that are involved in the management of supplier Contracts on behalf of Council.

This Policy applies to all Contracts and any other documents that create legally binding obligations on the Council for the procurement of goods, services and works which may include procurements which are simple in nature and low risk. Further, it applies to a Contract until all contractual obligations have been completed.

The following are excluded from this Policy:

- Employment contracts,
- Non-binding Memoranda of Understanding,
- Partnering and collaborative contracts with other Local or State organisations.

4. Definitions and Interpretation

In this Policy, the following terms shall be interpreted to have the following meanings:

Term	Meaning
Contract	An agreement, exchange of letters, heads of agreement, deeds of agreement, binding memorandum of understanding, response to tender, grant application, trust deed and any other document which creates or which may create binding obligations on the Council and on the other party / parties to the contract
Program Manager	The responsible officer (usually a Senior Manager) for overseeing the contract and any major contractual changes and strategies. The Program Manager or Director (owner) appoints the Contract Manager.
Contract Management	Refers to all activities at the commencement of, during and after the contract period, to ensure that all contractual obligations have been completed.
Contract Owner	The Council staff member who is ultimately accountable for the outcomes of the contract, usually the Director or Manager with the Financial Delegation. The Contract Owner approves contract variations including extensions, as well appoints the contract management roles.
Contract Manager	The Council staff member nominated to be responsible for the management of the administration and management of a contract.
Contract Variation	Is an addition or alteration to the original contract and may include a change to the scope of the contract, value of the contract, the contract options to be exercised, contract prices and quantity purchased.
Contractor	The supplier or the service provider (the other party) under a contract.
Value of a Contract	The value of a contract is whichever of the following values (incl. GST) is appropriate to the kind of contract concerned: <ul style="list-style-type: none"> • The total estimated value of the project, or • The total estimated value of the goods or services over the term of the contract, or • The value of the real property transferred, or • The rent for the term of the lease.
Contract Register	A register maintained for all procurements valued at over \$150,000.

5. Policy Statement

The function of contract management is the management of Contracts formed with Contractors to ensure delivery of goods, services and works as agreed over the life of the Contract.

The management of a Contract may extend beyond the current term of the contract when there are ongoing obligations associated with maintenance agreements, warranties and guarantees

5.1 Stages in the Contract Management Life Cycle

Contract Commencement (Stage 1) – starts before a contract is signed

Successful Contract Management is highly influenced by activities performed prior to contract award. Ensuring that contract terms, conditions, scope and deliverables, KPI reporting and relationship management are clearly established in the signed Contract and understood by all parties, is fundamental for effective Contract Management.

Contract Management (Stage 2) – runs until formal closure

Properly managing supplier performance with respect to outcomes and deliverables clearly specified and agreed in the Contract will help ensure Council and its customers obtain the business benefits and value for money within target timeframes.

Contract Closure (Stage 3) – the formal conclusion

The contract close-out is the stage for closing-out Contract obligations and liabilities with suppliers. It may also include transitioning to another supplier for the goods/services.

5.2 Mandatory Requirements for Applying to Contracts

The following minimum requirements apply to all Council Contracts valued at \$10,000 or more:

- a) Staff must adhere to Council's procurement policies, procedures and processes.
- b) Each contract must be registered and identified with a Contract Number - issued by Council's Contract Management Module (Content Manager).
- c) Specific contract details must be entered into Council's Contracts Register - which is updated via the Contracts Management Module in Content Manager.
- d) A Contract Manager must be formally appointed.
 - (i) The Contract Manager may manage a contract valued at more than their level of financial delegation. However, the Contract Manager must not approve or incur expenditure on goods, services or a project valued at more than their level of financial delegation. Note, this also applies to any changes (variations) to the original price of procurement.
- e) Council developed and recommended Contract Templates must be used.
 - (i) Staff must use Council developed and recommended contract templates at all times. These include contracts based on Australian Standard, Standard Form Documents available from NSW Procurement and Purchase Order Term and Conditions.

- (ii) Specific advice should be sought from the Procurement team during the planning stages of procurement to determine the appropriate terms and conditions that should apply.
- f) All Contracts must include appropriate Sustainability clauses in the areas of: Work Health & Safety; Quality Assurance; Environmental; Financial Capability; Insurance; Industrial Relations; Performance; Code of Conduct; Business Ethics; Exchange; and Disclosure of Information.

That allow and support contract compliance and risk management, with having regard to project value, requirements and complexity.
- g) All Contracts must include appropriate Commercial clauses in the areas of: Payments and Retentions (or security); Price Adjustments; Delay to Completion (or delivery); and Processes to Resolve Claims and Disputes.

That allow managing or regulating variations to the original Contract, having regard to project value, Contract requirements and complexity.
- h) Obtain all relevant approvals and licences prior to commencement: of the contract planning and engagement (entering into a contract).
 - i) Contract performance of all contracts valued at \$50,000 or more must be regularly monitored, evaluated and reported.
 - (ii) This is required at least annually over the term of the Contract, and upon completion and upon conclusion of a Contract. Complete and document performance evaluations and register in Council's records management system.

5.3 Contract Variations

All Contract Variations must be approved in writing in accordance with the Contract and be approved by the appropriate delegate.

5.4 Ethics and Probity

Council's Code of Conduct must always be adhered to in the management of Contracts on behalf of Council, ensuring: Responsible Decision Making, declaring and appropriately managing any Conflicts of Interest and appropriate decline of any offered Gifts or Benefits.

5.5 Role of Contract Manager

The responsible Contract Owner or Program Manager assigns the day to day management of a Contract to the Contract Manager.

The Contract Manager has many and varied responsibilities in undertaking the day to day management of a contract. Some key responsibilities are outlined in the Responsibilities table.

For the purpose of this Policy, staff that are responsible for managing procurement that is simple in nature and low risk, will be considered a Contract Manager. Therefore, staff must manage all related legally binding obligations on the Council in an appropriate manner in accordance with this Policy.

5.6 Contract Disclosures

In accordance with Part 3, Division 5 of the Government Information (Public Access) Act 2009 (GIPA Act), Council will maintain and publish a register of all Council contracts that records key information about each contract Council enters into with

the private sector which has or is likely to have a value of \$150,000 (incl. GST) or more.

In accordance with the GIPA Act the following types of procurements will be disclosed on Council's public website.

CLASS 1 CONTRACTS	A government contract where the estimated value of the project, goods and services, property or lease is likely to be over \$150,000.
CLASS 2 CONTRACTS	Being a 'Class 1' contract where: <ul style="list-style-type: none"> • there has not been a tender process; or • the terms and conditions of the contract have been substantially negotiated with the successful tenderer; or • obligations include maintaining or operating infrastructure or assets could continue for 10 years or more; or • it involves a privately financed project; or • it involves a transfer of a significant asset of the Council to another party to the contract in exchange for transfer of an asset to the Council.
CLASS 3 CONTRACTS	Being a 'Class 2' contract with a value over \$5 million.

5.7 Modern Slavery Compliance

5.7.1 Policy Statement:

Council is committed to preventing and addressing modern slavery in its supply chains. Modern slavery encompasses human trafficking, forced labour, child labour, and other forms of exploitation. Council expects its contractors, suppliers, and partners to uphold the highest standards of ethical behavior, ensuring that modern slavery is not present in any part of their operations.

5.7.2 Supplier Due Diligence:

- a) **Supplier Certification:** Council requires all suppliers to certify that they comply with all applicable laws and regulations related to modern slavery. Suppliers must provide documentation affirming that neither they nor their supply chain engage in any form of modern slavery.
- b) **Supplier Audits:** Council reserves the right to conduct audits, either directly or through third-party auditors, to verify suppliers' compliance with modern slavery requirements. Non-compliance may lead to termination of contracts.

5.7.3 Contractual Obligations:

- a) **Modern Slavery Clause:** All contracts valued at \$150,000 or more must include a modern slavery clause requiring suppliers to comply with anti-slavery laws and commit to eradicating slavery and human trafficking from their operations and supply chains.
- b) **Reporting Obligations:** Suppliers shall promptly report any incidents or risks of modern slavery within their operations or supply chains. Council must be informed of corrective actions taken.

5.7.4 Training and Awareness:

Council will provide training and awareness programs for its staff involved in procurement and contract management to recognise and respond to modern slavery risks effectively.

5.7.5 Non-Compliance Consequences:

Non-compliance with the modern slavery requirements may result in penalties, termination of contracts, and exclusion from future Council procurement opportunities.

5.8 Child Safety Compliance

Council recognises the importance of ensuring child safety in all aspects of its operations, including contracted services. This section outlines the obligations and standards to be followed by Council and its contractors to promote and uphold child safety.

5.8.1 Child Safety Culture:

Council to seek a declaration from Contractors on their awareness and understanding of child safety principles.

5.8.2 Child Safety Risk Management:

Contractors shall conduct risk assessments to identify and mitigate potential risks to child safety associated with their services. Council will incorporate child safety considerations into the risk management process for all contracts.

5.8.3 Child Safety Training and Awareness:

Contractors must ensure that their staff members who may come into contact with children during the provision of services undergo appropriate child safety training. Council will provide training and awareness programs for its staff involved in procurement and contract management to recognise and respond to child safety risks effectively.

5.8.4 Reporting and Responding to Child Safety Concerns:

Contractors shall have clear procedures for reporting and responding to child safety concerns. Council staff must report any child safety concerns related to contracted services promptly.

5.8.5 Compliance with Child safe Standards

Council requires all contractors to comply with the Child Safe Standards as prescribed by the Office of the Children's Guardian NSW. Contracts valued at \$150,000 or more must include a child safety clause, outlining the contractor's commitment to adhere to the Child Safe Standards.

Non-compliance with child safety requirements may result in penalties, termination of contracts, and exclusion from future Council procurement opportunities.

6. Responsibilities

Position	Responsibility
Employees	<ul style="list-style-type: none"> Are responsible for managing contracts in accordance with Council's financial delegations (as amended from time to time) and in a manner that is appropriate for the complexity and risk of the procurement activity.
Procurement and	<ul style="list-style-type: none"> Maintaining Council Contracts Registers and appropriate disclosure of Contracts valued at \$150,000 or more.

Contracts Co-ordinator	<ul style="list-style-type: none"> • Regularly monitoring and evaluating contracts valued at \$50,000 or more and reporting on at least annually. • Development of the Policy.
Executive Team	<ul style="list-style-type: none"> • Overall implementation of the Policy
Program Manager (Director)	<ul style="list-style-type: none"> • Facilitation and oversight of contracts on the contracts register within their respective portfolio. • Appointment of a suitably qualified, capable and adequately skilled Contract Manager according to the level and complexity of a contract. • Ensuring the Contract Manager has adequate skills in managing contracts. • Assigning the day to day management of a contract to a Contract Manager.
Contract Manager	<ul style="list-style-type: none"> • Development, negotiation, execution and management of contracts in accordance with approved policies, procedures and processes. • Ensuring contracts valued at \$10,000 or more are registered in Council's Contracts register. • Day to day management of assigned contracts. • Clearly defining in contracts the performance standards, review mechanisms and deliverables required from contractors. • Ensuring contracts are managed in compliance with approved policies, procedures and processes and all client obligations contained in contracts are fully satisfied. • Maintenance of contract details and information in Content Manager